

§2-3 DEFINITIONS:

- (1) Action Plan: A plan that sets forth the policies and procedures of the Agency's FSS Program, which is jointly developed by the Agency and HCDCH in consultation with the PCC and approved by HUD.
- (2) Adjusted Income: Annual Income, less allowable HUD deductions.
- (3) Adult: A person who is 18 years or older or an emancipated minor.
- (4) Agency: The Department of Community Services, City and County of Honolulu.
- (5) Annual Income: The anticipated total income of an eligible family from all sources for the 12-month period following the date of determination of income, computed in accordance with HUD regulations.
- (6) Contract of Participation or Contract: A contract in a form approved by HUD, entered into between an Eligible Family selected for participation in the FSS Program and the Agency that sets forth the terms and conditions governing participation in the FSS Program and the requirements that must be fulfilled by the FSS Head of Household throughout the Contract Term and any extension thereof.
- (7) Contract Term: The Contract term shall be for a period of five (5) years, commencing on the Effective Date of the Contract and ending on the last day of the fifth (5th) year thereafter. The Contract Term shall also include the Contract Extension, as described in Section 2-9[(h)](8), if any.
- (8) Earned Income: Income or earnings included in the Annual Income from wages, tips, salaries, other employee compensation, and self-employment. Earned Income does not include any pension or annuity, transfer payments, any cash or in-kind benefits, or funds deposited in or accrued interest on the FSS Escrow Account established by the Agency on behalf of a Participating Family.
- (9) Effective Date of Contract of Participation: The first day of the month after the Contract of Participation is signed by the selected Eligible Family and the Agency.
- (10) Eligible Families: Current Section 8 Tenant Based Rental Assistance Program participants of the Agency.
- (11) Enrollment: The date that the selected Eligible Family entered into the Contract of Participation with the Agency.
- (12) Family Self-Sufficiency Program or FSS Program: The program established by the Agency to promote self-sufficiency among participating families, including the provision of supportive services to these

families, as authorized by Section 23 of the U.S. Housing Act of 1937 (42 U.S.C. 1437u).

- (13) FSS Escrow Account: The escrow account authorized by Section 23 of the U.S. Housing Act of 1937, and as provided by 24 CFR Part 984.305.
- (14) FSS Credit: The amount credited by the Agency to the participating family's FSS Escrow Account.
- (15) FSS Family or Participating Family: A family that receives assistance under the Section 8 Tenant Based Rental Assistance Program, and elects to participate in the FSS Program, and whose designated FSS Head of Household has signed the Contract of Participation.
- (16) FSS Head of Household (FSS Head): The Section 8 Head of Household or Co-Head of Household (both as defined in Chapter 1) that assumes legal and financial responsibility for: a) the FSS household, b) for purposes of determining income eligibility and rent; and c) contractual requirements to fulfill the FSS Contract of Participation.
- (17) FSS Related Service Programs: Any program, publicly or privately sponsored, that offers Supportive Services.
- (18) FSS Slots: The total number of rental vouchers that comprise the size of program openings (identified as "slots") for the Agency's Section 8 FSS Program.
- (19) HCDCH: State of Hawaii, Housing and Community Development Corporation of Hawaii.
- (20) HUD: The United States Department of Housing and Urban Development.
- (21) Individual Training and Services Plan or ITSP: A written plan that is prepared for the FSS Head of Household, and each adult member of the family who elects to participate in the FSS Program, by the Agency in consultation with the family member, and which sets forth:
 - (A) The Supportive Services to be provided to the family member;
 - (B) The activities to be completed by that family member; and
 - (C) The agreed upon completion dates for the services and activities. Each Individual Training and Services Plan must be signed by the Agency and the participating family member, and is attached to, and incorporated as part of the Contract of Participation.
- (22) Low Income Family: A family whose Annual Income does not exceed 80% of the median income for the area as determined by HUD with adjustments for smaller or larger families, except that HUD may establish income limits higher or lower than 80% on the basis of its findings that such variations are necessary because of

- the prevailing levels of construction costs or unusually high or low incomes.
- (23) Monthly Adjusted Income: One twelfth of the Adjusted Income.
 - (24) Participant: An adult member of the FSS Family, including the FSS Head of Household, who signs an ITSP.
 - (25) Program Coordinating Committee (PCC): The PCC serves as an advisory board to the FSS Program. The Agency's FSS Program and the State of Hawaii HCDCH's FSS Program have collaborated to establish a joint PCC.
 - (26) Public Housing Agency (PHA): Any state, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) that is authorized to engage in or assist in the development or operation of housing for low-income families.
 - (27) Self-Sufficiency: When a FSS Family is no longer receiving Section 8 assistance, or any Federal, State, or local rent or home ownership subsidies or Welfare Assistance. Achievement of Self-Sufficiency, although an FSS objective, is not a condition for receipt of the FSS Escrow Account funds.
 - (28) Supportive Services: Those appropriate services that the Agency will attempt to make available, or cause to be made available to an FSS Family under a Contract of Participation, and may include: child care, transportation, education, employment, personal welfare, household skills and management, counseling, money management and other services that the Agency may determine to be appropriate in assisting FSS Families to achieve economic independence and Self-Sufficiency.
 - (29) Very Low Income Family: A family whose Annual Income does not exceed 50% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD may establish income limits higher or lower than 50% of the median income for the area on the basis of its finding that such variations are necessary because of unusually high or low family incomes.
 - (30) Welfare Assistance (for FSS purposes only): Income assistance from Federal or State welfare programs, and includes only cash maintenance payments designed to meet a family's ongoing basic needs. [Eff 10/20/03; am _____] (Auth: HRS §91-5)(Auth: 1-9.1ROH)

§ 2-9 CONTRACT OF PARTICIPATION.

(a) Each family that is selected to participate in the FSS Program must enter into a Contract of Participation with the Agency within 120 days of the household's most recent annual or interim reexamination. If more than 120 days have passed since the last reexamination, a new reexamination must be completed. The Contract must be signed by the FSS Head of Household.

- (1) Form and Content of the Contract: The Contract of Participation, which incorporates the Individual Training and Services Plan(s) or ITSP(s), shall be in the form prescribed by HUD, and shall set forth the principal terms and conditions governing participation in the FSS Program, including the rights and responsibilities of the FSS Family and the Agency, the services to be provided to, goals, and the activities to be completed by the FSS Head of Household and each adult member of the family who elects to participate in the FSS Program.
- (2) Interim Goals: The ITSP, incorporated in the Contract of Participation, shall establish specific interim and final goals by which the Agency and the family may measure the family's progress toward fulfilling its obligations under the Contract and becoming self-sufficient.

For each Participating Family that is a recipient of Welfare Assistance, the Agency must establish as an interim goal that the family become independent from Welfare Assistance and remain independent from Welfare Assistance at least one year (12 months) before the expiration of the Contract Term , including any extension thereof.

- (3) Compliance With Lease Terms: The Contract of Participation shall provide that one of the obligations of the FSS Family is to comply with the terms and conditions of the family's Section 8 lease.
- (4) Monies Owed to the Agency or the Section 8 Owner: The Contract of Participation shall provide that if the FSS Family has not paid their family contribution towards rent or other amounts, if any, due under the Section 8 assisted lease, or owes monies to the Agency, the amounts owed shall be deducted from the family's FSS Escrow Account before any disbursements are made from the account.
- (5) Requirement to Seek and Maintain Employment: The FSS Head of Household is required to seek and maintain suitable employment throughout the Contract Term and any extension thereof.

The FSS Head must apply for employment, attend job interviews, and otherwise follow through on employment opportunities to meet survival means while pursuing his/her long-term goal to complete the

Contract. The FSS Head may work part-time and go to school part-time through the FSS Program duration and any extension thereof.

A determination of suitable employment shall be made by the Agency based on the skills, education, and job training of the person that has been designated as the FSS Head, and based on the available job opportunities within the jurisdiction served by the Agency.

In accordance with fulfilling all the Contract requirements, the FSS Head must be employed at completion of their FSS Contract.

- (6) Consequences of Noncompliance with the Contract of Participation: The Contract shall specify that the Participant who fails to comply, without good cause, with any term or condition of the Contract or any addendum to the Contract, or any provision of these rules which includes compliance with the Section 8 lease, the Agency may:
 - (A) Withhold the Supportive Services; or
 - (B) Terminate the family's participation in the FSS Program.
- (7) Contract Term: The Contract shall provide that each FSS Family be required to fulfill those obligations to which the Participating Family has committed itself under the Contract of Participation no later than five (5) years after the Effective Date of the Contract or any Contract Extension, as described in Section 2-9[(h)](8), thereof.
- (8) Contract Extension: The Agency shall, in writing, extend the term of the Contract for a period not to exceed two (2) years for any FSS Family that requests, in writing, an extension of the Contract, provided that the Agency finds that good cause exists for granting the extension. The family's written request for an extension must include a description of the need for the extension. As used in this paragraph and in the Action Plan, "good cause" means circumstances beyond the control of the FSS Family, as determined by the Agency, such as a serious illness or involuntary loss of employment. Extension of the Contract will entitle the FSS Family to continue to have amounts credited to the family's FSS Escrow Account in accordance with 24 CFR 984.304.
- (9) Unavailability of Supportive Services: If a social service or resource providing agency fails to deliver the Supportive Services pledged under an FSS Family member's ITSP, the Agency shall make a good faith effort to obtain these services from another agency.

If the Agency is unable to obtain the services from another agency or community service provider, the Agency shall reassess the family member's needs and

determine whether other available services would achieve the same purpose. If other available services would not achieve the same purpose, the Agency shall determine whether the unavailable services are integral to the FSS Family's advancement or progress toward Self-Sufficiency.

If the unavailable services are determined not to be integral to the FSS Family's advancement toward Self-Sufficiency, the Agency shall revise the ITSP to delete those services, and modify the Contract to remove any obligation on the part of the FSS Family to accept the unavailable services.

If the unavailable services are determined to be integral to the FSS Family's advancement toward Self-Sufficiency, the Agency shall declare the Contract of Participation null and void. The family will be allowed re-entry in FSS when resources are available and offered the next FSS Slot.

- (10) Modification of the Contract: The Agency and the FSS Family may mutually agree to modify the Contract of Participation. The Contract may be modified in writing with respect to the ITSP, the Contract Term in accordance with Section 2-9[(h)](8), Contract Extension, and the designation of the FSS Head of Household.

With the Agency's approval, the person designated as the FSS Head of Household may be changed if the FSS Head left during the Contract Term and the remaining FSS adult family members wish to continue participation. A new FSS Head will be designated and the Contract revised to delete the previous FSS Head and designate their replacement person as the new FSS Head. If the family completes the Contract, the new FSS Head will be eligible to apply to receive the FSS Escrow Account funds. The new Contract must retain the original Contract Term and the Individual Training and Service Plans of participating members.

- (11) Completion of the Contract: The Contract of Participation is considered to be completed, and a family's participation in the FSS Program is considered concluded when one of the following occurs:
- (A) The FSS Family has fulfilled all of its obligations under the Contract of Participation on or before the expiration of the Contract Term, including any extension thereof; or
 - (B) Thirty percent (30%) of the FSS Family's Monthly Adjusted Income equals or exceeds the applicable Section 8 Fair Market Rent for the size unit for which the family qualifies based on the family's assigned Voucher size

The Contract of Participation will be considered completed and the family's

participation in the FSS Program concluded on this basis even though the Contract Term, including any extension thereof, has not expired, and the family members who have ITSPs have not completed all the activities set forth in their plans.

(12) Termination of the Contract:

- (A) The Contract of Participation is automatically terminated by the Agency if the family's Section 8 assistance is terminated.
- (B) The Contract may be terminated before the expiration of the Contract Term, and any extension thereof, by:
 - (i) Mutual consent of the parties;
 - (ii) The failure of the FSS Family to meet its obligations under the Contract without good cause, including the failure to comply with the contract requirements because the family has moved outside the Agency's jurisdiction;
 - (iii) The family's withdrawal from the FSS Program;
 - (iv) Such other act as is deemed inconsistent with the purpose of the FSS Program; or
 - (v) Operation of law. [Eff 10/20/03; am _____] (Auth: HRS §91-5)(Auth: 1-9.1ROH)

§ 2-10 FSS ESCROW ACCOUNT.

(a) The family's Annual Income, Earned Income, and family contribution towards rent in effect at the time of the execution of the Contract will be recorded in the Contract of Participation. These amounts will be used to determine the amount credited to the family's Escrow Account because of future increases in Earned Income.

The Agency will establish an FSS Escrow Account for each Participating Family on a subsidiary ledger. A portion of the increase in the family's rent because of increases in Earned Income will be credited to the FSS Escrow Account in accordance with HUD requirements, including, but not limited to, 24 CFR 982.305.

Once an FSS Escrow Account has been established, the Family must report all decreases in Earned Income within ten (10) days of the change, in accordance with the procedures set forth in Chapter 1, Section 1-19(b), of the Agency's Section 8 Housing Assistance Program Rules and Regulations.

The Agency is required to deposit all escrowed funds into a single depository account for the FSS Program so that the Internal Revenue Service (IRS) will not count the funds or interest on the funds in the FSS Escrow Account as income for

purposes of income taxes, either before or when the family actually receives the escrow.

The Agency will invest the FSS Escrow Account funds in HUD-approved investments.

The total of the combined FSS Escrow Account funds for all FSS Families will be supported in the Agency's accounting records by a subsidiary ledger. This ledger will show the balance including interest applicable to each FSS Family.

The Agency will give the family a report on the amounts in the family's FSS Escrow Account including interest at least once a year.

If the family moves outside the Agency's jurisdiction under Section 8 portability procedures, the Agency may transfer the balance of the family's FSS Escrow Account to another Housing Agency if the receiving agency absorbs the family and agrees to accept the family into their FSS program.

- (1) Withdrawal of Funds from FSS Escrow Account: The Agency will pay the FSS Head of Household the amount in the family's FSS Escrow Account, including interest, less any amount owed to the Agency and the Section 8 owner when:
 - (A) The Agency determines that the FSS Family has completed this Contract, as described in Section 2-9[(k)](11), Completion of the Contract, and
 - (B) At the time of Contract completion, the FSS Head of Household provides written certification to the Agency that no member of the family is receiving financial (cash) Welfare Assistance.

In accordance with HUD requirements, the Agency may permit the family to withdraw a small percentage of funds (up to 25%) from the FSS Escrow Account before the completion of the Contract for purposes consistent with the Contract of Participation. The Agency must first verify and approve that one or more Participants have completed a specific interim goal(s) as identified in any of the Participant's ITSP before any funds may be withdrawn. The interim goal may consist of graduation from high school, attainment of an Associate or Baccalaureate Degree or Vocational Certification. Disbursement of escrow funds may only be made for school or work related costs on a one-time only basis for the entire FSS Family and throughout the Contract Term.

- (2) Forfeiture of FSS Escrow Account: Amounts in the FSS Escrow Account shall be forfeited upon occurrence of the following:
 - (A) The Contract of Participation is terminated as provided in Sections 2-9[(f)](6), Consequences of Noncompliance with the Contract of Participation, 2-9[(i)](9), Unavailability of Supportive Services, and Subsection (B) of Section 2-9[(l)](12), Termination of the Contract; or

(B) The Contract of Participation is completed by the family, as provided in Section 2-9[(k)](11), Completion of the Contract, but the FSS Family is receiving financial (cash) Welfare Assistance within one (1) year (twelve months) prior to the expiration of the Contract, including any extension thereof. [Eff 10/20/03; am _____] (Auth: HRS §91-5)(Auth: 1-9.1ROH)